

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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August 12, 2003

FROM: MARCEL TURNER, Director
Human Resources

**SUBJECT: REQUEST FOR PROPOSALS FOR WORKERS' COMPENSATION MANAGED
MEDICAL CARE PROGRAM**

RECOMMENDATION: Approve Request for Proposals (RFP) for Workers' Compensation Managed Medical Care Program and authorize the Human Resources Department to release the RFP.

BACKGROUND INFORMATION: The Risk Management Division, Human Resources has managed the County's self-insured and self-administered workers' compensation program since 1972. Extensive cost containment programs have been developed to benefit our occupationally injured or ill County employees and reduce costs. A Managed Medical Care Program (MMCP) to comprehensively deliver workers' compensation managed medical care services to County employees has been in place since 1999 with emphasis on medical bill review. Bill review services are a major component of a MMCP and include a line by line review of all medical and hospital charges to ensure compliance with the State's Medical Fee Schedule for Workers' Compensation. Customer service and responsiveness, in addition to quality medical care intervention, are also essential components of this program.

On October 26, 1999, the Board approved a three-year contract with an automatic three-year renewal option with CorVel for bill review. In October 2002, the County exercised this automatic three-year renewal option extending the term to October 31, 2005. This current contract may be terminated without cause by either party with thirty-day notice. Annual Net Preferred Physician Organizations (PPO) Savings (total annual savings minus all fees paid) were estimated at \$850,000 in 1999. Actual net savings were \$733,527 for FY 00/01; \$1,367,594 for FY 01/02; and \$976,202 for FY 02/03.

This RFP is needed now to continue to control the workers' compensation program's costs and expand on the success of the bill review component by additionally requesting proposals for PPO, Prescription Savings, Durable Medical Equipment (DME), Durable Medical Supplies (DMS) and a Health Care Organization (HCO) proposal for the County's occupationally injured or ill employees. The department intends to complete the RFP process in October 2003.

County Policy 11-05SP2 requires Board approval of an RFP for contracts in excess of \$75,000.

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REVIEW BY OTHERS: This item has been reviewed by County Counsel (Michael Sachs, Chief Deputy County Counsel) on July 29, 2003, and County Administrative Office (Daniel R. Kopp, Administrative Analyst) on August 7, 2003.

FINANCIAL IMPACT: In 2002-03, the total fees for PPO Bill Review were \$208,640. In 2003-04, the total cost is expected to be \$229,504. Bill review and other requested fees will be paid based on fixed rates from Risk Management's Internal Service Sub Funds. No change in Risk Management's budget (IBP RMG) is required.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's proposal and recommends this item. Approval of this item will enable Risk Management to continue utilizing workers' compensation cost containment programs to offset the continued growing cost of occupational injuries and illnesses.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Pamela H. Thompson, Risk Manager, 386-8620

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